



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

December 4, 2007

Mr. John M. Schaff, CIA
Auditor General
Utah Office of the Legislative Auditor General
W315 State Capitol Complex
P.O. Box 145315
Salt Lake City, UT 84114-5315

Dear Mr. Schaff:

On behalf of the Utah Division of Oil, Gas and Mining within the Department of Natural Resources, I wish to respond to "A Performance Audit of Utah's Coal Regulatory Program" and express my appreciation for the analysis included in the report. Your staff interacted well with agency personnel as the audit progressed. The audit properly identifies process improvements for the Division's Coal Program, and I accept the recommendations made in the audit.

The audit report is frank and pointed, and neither I nor Division management will treat lightly the items identified. When this process of this legislative audit began (by your letter dated June 1, 2007), I hoped that whatever resulted would be a catalyst for positive change within the Division. I feel that it is now the Division's responsibility to answer this audit with actions and I want to constructively use this audit to produce improvements in the Division's processes and procedures. In fact, as the audit team has brought items to our attention, we have already implemented certain process changes, and these improvements should be evident at future follow-up reviews regarding this audit.

I would also like to point out that although the audit report indicates that improvement is needed in the Division's Coal Program, the program has produced an excellent history of environmental and public health and safety protection as there have been no major environmental incidents by the coal industry in Utah in the over 25 years of the program's existence. Nevertheless, we are committed to re-think and re-create our processes and procedures to achieve greater efficiency and effectiveness.

Again, I appreciate the opportunity to improve the Division's regulatory performance in the Coal Program. It is my objective to utilize the audit report to allow Division management and staff to be more proactive in addressing our responsibilities. We will



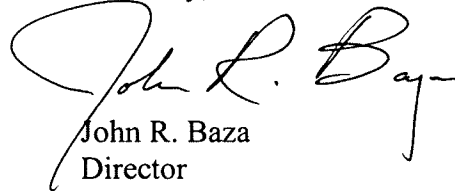
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now press forward to evaluate each of the recommendations and begin incorporating them into the Coal Program's processes and procedures.

Sincerely,

A handwritten signature in black ink, appearing to read "John R. Baza". The signature is fluid and cursive, with the first name "John" being the most prominent.

John R. Baza
Director

cc: Michael R. Styler, Executive Director, Utah Department of Natural Resources
Robyn Pearson, Deputy Director, Utah Department of Natural Resources
Darin Bird, Deputy Director, Utah Department of Natural Resources
Dennis Carver, Financial Manager, Utah Department of Natural Resources
Mary Ann Wright, Associate Director of Mining, Division of Oil, Gas and Mining